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Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AF-10 ARA-10 EA-10 EUR-12
NEA-10 OIC-02 IO-13 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 JUSE-00 /168 W
----------050867 251835Z /43
P 251730Z JUL 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 2517
INFO ALL EC CAPITALS
AMEMBASSY OTTAWA

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: MTN: NEGOTIATIONS ON WINE GALLON/PROOF
- GALLON METHOD OF ASSESSMENT - DISCUSSION
- WITH EC AND CANADA

1. U.S. MTN DEL (NEWKIRK) MET WITH EC (ABBOTT)
TO PRESENT U.S. POSITION (AS CONTAINED IN TPSC 78-88)
ON NEGOTIATIONS OF WINE GALLON/PROOF GALLON (WG/PG)
METHOD OF ASSESSMENT. U.S. EXPLAINED THAT WE WOULD
SELECTIVELY ELIMINATE WG METHOD OF ASSESSMENT ON
REQUESTED PRODUCTS IF WE RECEIVED ADEQUATE COMPEN-
SATION. IF COUNTRY OFFERS LESS THAN FULL COMPEN-
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SATION, WE MAY OFFER TO CONVERT WG PROTECTION TO
TARIFF EQUIVALENT WHICH WOULD BE REDUCED IN ACCORDANCE
WITH THE RECIPROCITY OFFERED. CONCESSIONS THE
U.S. IS SEEKING IN EXCHANGE INCLUDE FAVORABLE
RESPONSES TO THE TARIFF AND NON-TARIFF MEASURE
REQUESTS ON DISTILLED SPIRITS AND OVERALL SUCCESSFUL
NEGOTIATIONS IN AGRICULTURAL FIELD, INCLUDING

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FAVORABLE RESPONSES TO REQUESTS ON TOBACCO, CITRUS, BEEF, POULTRY, FISH, GRAPES, RICE, AND ALMONDS AS WELL AS PAPER AND PAPER BOARD.

2. EC APPRECIATED CLARIFICATION OF OFFER AND SPECIFIC LINKAGES WITH EC CONCESSIONS. SINCE EC CONSIDERS WG IS GATT ILLEGAL, ABBOTT DOES NOT BELIEVE FULL RECIPROCITY IS WARRANTED AND REMARKED THAT LINKING CONVERSION TO PARTICULAR PRODUCTS IS AN "EXAGGERATION".ON MORE CONCILIATORY NOTE, ABBOTT NOTED THAT SOME CHANGES MIGHT BE POSSIBLE ON THE FRENCH ADVERTISING RESTRICTION AND EXCISE TAX. ON REQUEST FOR GERMAN STATE TRADING AGENCY TO LIST MORE U.S. PRODUCTS, EC ASSERTED THAT MONOPOLY DOES NOT CONTROL DISTILLED BEVERAGE IMPORTS AND ARE UNAWARE OF ANY RESTRICTION ON SUCH IMPORTS. THEREFORE, THEY WOULD APPRECIATE CLARIFICATION OF THE U.S. REQUEST. EC LAUNCHED A BARRAGE OF TECHNICAL QUESTIONS, E.G., HOW CONVERSION TO TARIFF RATES WOULD BE CALCULATED (ABBOTT MUSED THAT EC MIGHT WISH TO INVOKE ITS GATT ARTICLE XXVIII RIGHTS), IF SUCH CONVERSION WOULD RESULT IN DIFFERENT RATES FOR BOTTLED VERSUS BULK IMPORTS, STATUS OF CONVERSION TO AD VALORUM TARIFFS, WHETHER SELECTIVE ELIMINATION WOULD BE GATT ILLEGAL, HOW LESS THAN "FULL RECIPROCITY" WOULD BE TRANSLATED INTO TARIFF REDUCTIONS, STATUS LIMITED OFFICIAL USE

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OF U.S. TARIFF OFFER ON SCOTCH WHISKEY, AND WHETHER EXCISE TAX WOULD BE INCREASED TO MAKE UP FOR LOST REVENUE. U.S. DEL NOTED THAT UNLIKE FRENCH DISCRIMINATORY PRACTICES, WG SYSTEM IS NOT ILLEGAL. FURTHER, DIFFERENT TREATMENT FOR DIFFERENT PRODUCTS WOULD BE SIMILAR TO DIFFERENT TARIFF RATES FOR DIFFERENT PRODUCTS. QUESTION OF TARIFF CONVERSION, STATUS OF CURRENT OFFER, AND POSSIBLE REDUCTION OF ANY NEW TARIFF WOULD BE REVIEWED IN LIGHT OF NEGOTIATING PROSPECTS, WHILE TECHNICAL QUESTION OF CONVERSION TO AD VALOREM TARIFFS IS STILL UNDER STUDY. COMMENT: U.S. DEL READING OF INSTRUCTION THAT CONVERSION OF "WG PROTECTION" TO TARIFF EQUIVALENTS WOULD MEAN MOVING TO PROOF/GALLON METHOD OF ASSESSMENT PLUS ADOPTING A SUPPLEMENTAL TARIFF EQUIVALENT TO THE DUTY AND EXCISE TAX INCREASE CAUSED BY THE WG METHOD OF ASSESSMENT. U.S. MTN DEL WOULD APPRECIATE CONFIRMATION OF THIS INTERPRETATION. END COMMENT.

3. EC APPRECIATED U.S. RESPONSE AND WILL CONSIDER THE NEW U.S. POSITION. THEY ARE CLEARLY PLEASED

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THAT NEGOTIATIONS ON WG HAVE FINALLY BEEN ENGAGED.

4. U.S. DEL (HAMERSCHLAG) ALSO MET INFORMALLY
WITH CANADA DEL TO PRESENT U.S. POSITION ON NEGO-
TIATION OF WINE GALLON/PROOF GALLON AS CONTAINED
IN TPSC PAPER. CANADIANS ASKED FEW QUESTIONS
AND WISHED TO STUDY PROPOSAL FURTHER BEFORE COMMENTING.
THEY WERE OBVIOUSLY PLEASED THAT ISSUE WAS NOW IN
CONCRETE FORM, AND DENIS, WHO IS RETURNING TO CANADA
ON LEAVE WILL HAVE AN OPPORTUNITY TO DISCUSS MATTER
IN OTTAWA.

5. ACTION REQUESTED: IN LIGHT OF EC ASSERTION
PARAGRAPH 2 ABOVE THAT GERMAN MONOPOLY DOES NOT
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RESTRICT IMPORTS WE WOULD APPRECIATE WASHINGTON
CLARIFICATION OF U.S. REQUEST FOR GERMAN MONOPOLY

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SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 JUSE-00 /168 W
----------050843 251834Z /46
P 251730Z JUL 78
FM USMISSION GENEVA
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TO LIST MORE U.S. PRODUCTS.

6. DRAFTED BY WALLAR/HAMERSCHLAG. MCDONALD

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, NEGOTIATIONS, WINES, RELATIONS WITH REGIONAL ORGS, TARIFF SCHEDULES, TARIFF CLASSIFICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
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Review Release Date: N/A
Review Release Event: n/a
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Secure: OPEN
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TAGS: ETRD, CA, MTN, EEC
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/00c6676d-c288-dd11-92da-001cc4696bcc
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